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25 MAR 1980

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

STATEMENT OF
ELMER B. STAATS
COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
LEGISLATIVE SUBCOMMITTEE OF THE APPROPRIATIONS COMMITTEE
~~UNITED STATES SENATE~~
ON
BUDGET ESTIMATES FOR FISCAL YEAR 1981

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MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Today we are presenting the financial requirements to carry out the responsibilities of the General Accounting Office for FY 1981 and to meet additional FY 1980 costs beyond those that we can absorb.

The GAO "Justification of Estimates for FY 1981," which has already been given you, details the basis for our request and how we plan to use the requested resources. In my statement today I will highlight GAO's plans to meet an increased workload. I will also summarize some of GAO's accomplishments--the benefits that the Congress, the Federal Government, and the nation have obtained--in the fiscal year ended on September 30, 1979.



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NEED FOR ADDITIONAL FY 1980 RESOURCES

The civilian pay raise which was effective on October 1, 1979 will increase GAO's FY 1980 costs by \$10,289,000. Additionally, on January 3, 1980 we received a request from the Chairman, Senate Committee on Appropriations asking us to accelerate the development of a Federal Programs Inventory well before we had planned to do so. This will increase GAO's costs by \$117,100 in FY 1980 and by \$538,000 in FY 1981.

We will absorb all of the additional FY 1980 costs of accelerating development of the Federal Programs Inventory. And we will absorb \$1,522,000 of additional costs required in FY 1980 by the Federal civilian pay raise. We will, however, need additional funding of \$8,767,000 to cover the additional costs of that pay raise in FY 1980. This will bring the total funds required to perform GAO's responsibilities in FY 1980 to \$209,067,000.

APPROPRIATIONS REQUEST FOR FY 1981

Our request for FY 1981 funding is \$218,608,000. This is the amount required to fund 5,286 staff years. The increase of 11 staff years over the 5,275 funded in FY 1980 is needed to accelerate completion of the Federal Programs Inventory. The need for these additional staff years is detailed in the attached addendum to the "Justification of Estimates" that has already been given you.

GAO's RECENT APPROPRIATION EXPERIENCE

By way of background I would like to give you a brief picture of our recent appropriation experience. Because of the 5 percent across the board cut in Legislative Branch appropriations, for fiscal year 1979 we received a cut of 44 staff-years below the FY 1978 operating level. Last year--for FY 1980--the Congress provided us with funding to support a 175 staff-year increase, against our request of 250 staff years, to help meet the workload expansion that had already occurred. In the past four years, we have grown only 108 professional staff years.

Despite a continually expanding workload, GAO's FY 1981 budget request provides for no increase in staff resources beyond those needed to accelerate development of the Federal Programs Inventory. Moreover, as has been our long standing policy, GAO managers will be required to absorb further workload increases that occur during the budget year. It will, as with prior budgets that we have submitted, require GAO to do more work with less staff.

RESULTS OF GAO WORK

Over the years, GAO has, I believe, an impressive record of significant accomplishments. During the time since I

became Comptroller General, GAO's quantifiable dollar savings alone have totaled \$14 billion, \$11 billion of which has been achieved in the past three years. This is ten times the total funds appropriated to GAO during that same period.

These dollar savings are, however, only part of the benefits that result from GAO work. Frequently GAO recommendations are for management improvements that cannot be readily quantified; and frequently they make programs work better or accomplish their objectives more effectively. That kind of benefit--while substantial--is not included as a part of GAO dollar savings.

I am distributing a separate document, taken from GAO's Annual Report, which describes GAO's accomplishments in FY 1979. Beyond this, there is the benefit to good government that results just from the presence of an agency like GAO which can search out problems and make them visible to the Congress and to the public. The advantage of this continuing oversight presence and of work such as our emphasis on the detection of fraud and abuse, while apparent, is incalculable.

THE NATURE OF GAO'S WORKLOAD

A few points need to be made about GAO's responsibilities and the workload that arises from them. GAO has two major roles--independent auditor and evaluator of the operations of the executive agencies and support arm for the Congress.

Beginning with the Budget and Accounting Act of 1921 and the Accounting and Auditing Act of 1950, Congress assigned GAO a number of continuing responsibilities, the most comprehensive of which is to provide audit and evaluation oversight over Federal agencies, their programs, their contractors and their grantees. Since then, legislation establishing new agencies and new programs has regularly included an audit clause to provide GAO access to the required information and records. Each new agency and each new or expanded program, thus, automatically increases our workload.

GAO must provide a reasonable level of audit and evaluation coverage, not only over newly-established agency programs but also over those that have been in existence for many years. Moreover, in a number of instances, new legislation specifically requires GAO to perform special audits or evaluations in stated timeframes. The Nuclear Anti-Proliferation Act of 1978, for example, requires GAO to assess the implementation and impact of the Act on the nuclear non-proliferation policies, purposes, and objectives that it embodies. We are committed by the terms of this Act to provide a comprehensive report to the Congress by March, 1981.

These requirements are, of course, entirely legitimate but we cannot always foresee them when planning our budget; and they do limit the flexibility we would otherwise have available in planning and scheduling our work.

WORKLOAD INCREASES IN GAO

As I have mentioned, workload increases occur annually and must be regarded as a normal part of the job to which GAO must respond. These increases result from new legislation creating or expanding federal programs; requests of committees and Members for audit and evaluation work; and testimony before congressional committees. I will mention each of them briefly.

Recent Legislation With Impact in FY 1981 or Beyond

The following illustrates recently enacted legislation or committee reports which will increase GAO's workload in FY 1981:

- Chrysler Corporation Loan Guarantee Act of 1979, Public Law 96-185, January 7, 1980. This Act provides Chrysler with up to \$1.5 billion in loan guarantees over the next two years to prevent its bankruptcy and to continue it as a going concern. The Comptroller General is one of three members of a Loan Guarantee Board responsible for assuring--before they approve loan guarantee commitments--that conditions, stated in the law, have been met. In addition to the role assigned to the Comptroller General, GAO will need to apply considerable resources in related audit and evaluation work.
- Health Planning and Resources Development Act, Public Law 96-79, October 4, 1979. This Act, by its terms, requires GAO to evaluate the exemption authority provided by Section 152.7(b) of the Public Health Services Act which exempts Health Maintenance Organizations from certificate of need requirements.
- Panama Canal Act of 1979, Public Law 96-70, September 27, 1979. GAO is required by the terms of this Act to (a) certify revenues estimated by the Secretary of Defense, (b) audit the financial statements of the new Panama Canal Commission, and (c) audit the payments made to Panama for public services under paragraph 5 of Article III of the Treaty. The Comptroller General must also review and approve the Panama Canal Commission's accounting system when it is acceptable under GAO's standards.

--Agriculture, Rural Development and Related Agencies Appropriations, Public Law 96-108, November 9, 1979. The conference report on this Act requires GAO to conduct a full and complete review of the resource conservation and development program, taking into account both its costs and its benefits.

--Department of Education Organization Act of 1979, Public Law 96-88, October 17, 1979. This Act establishes the new Department of Education. GAO will need to increase work under its regular statutes in related areas, including matters such as the feasibility of transferring other education functions--such as those of the Bureau of Indian Affairs--to the new department.

--Veterans Health Care Amendments of 1979, Public Law 96-22, June 13, 1979. Providing adequate audit and evaluation coverage under these amendments will require GAO to review the effectiveness of readjustment counseling and related mental health services to Vietnam era veterans, and the pilot program for alcohol and drug dependence treatment.

--International Development Cooperation Act of 1979, Public Law 96-53, August 14, 1979. The Institute for Scientific and Technological Cooperation was created by this Act. In FY 1981, GAO will need to devote increased resources to review the organizational and start-up issues associated with the new agency.

Requests from Committees and Members

Responding to the requests of committees and Members is a major workload factor. Committee requests and many Member requests are for audit and evaluation work which is necessary for their use in considering new or proposed legislation, in assessing the need for amending existing programs, in determining the levels at which programs should be funded, and in dealing with concerns they have regarding oversight of Federal programs or agencies.

Since becoming Comptroller General I have viewed this role as one deserving considerable emphasis. In FY 1979, work performed on the specific requests of committees and Members comprised 36 percent of the work performed by GAO professional staff. Fourteen years prior, in FY 1965, such work utilized only 7 percent of GAO's professional resources.

We view the substantial increase in this service to the Congress as a mixed blessing. On the one hand, we are gratified that the committees and Members see us as a resource able to satisfy many of their diverse and complex needs. At the same time, we feel that we must hold this service in this range so that we can adequately discharge our other responsibilities.

We will continue to probe with committees and Members the best means for meeting their needs. And we will seek, wherever it is possible to do so, to use this special request work in lieu of performing other work to meet our continuing oversight responsibilities. Nevertheless, we estimate that the staff years to be devoted to this activity will continue in FY 1981 at or above FY 1980 levels. Although we may have to devote even more resources to request work in FY 1981, our budget request has been developed on the basis that such work must be performed within available resources. If adjustments become necessary we will have no choice but to reprogram from work required under GAO's continuing responsibilities.

Testimony Before Congressional Committees

During the second session of the 95th Congress (calendar year 1978) GAO officials testified before Congressional Committees 150 times. In itself, this was a notable level of testimony, one which we had never even approached prior to that time. However, in the first session of the 96th Congress (calendar year 1979), we far surpassed the 1978 level by testifying 230 times at the request of congressional committees. This represents more than a 50 percent increase in a single year. The testimony covered a wide range of subjects including health, national defense, energy, housing, and fraud and waste in government programs. In addition, we provided testimony of direct importance to the Congress itself on such matters as the various "Sunset" reform proposals, legislative veto, and regulatory reform.

We averaged more than one appearance for each day that Congress was in session; in fact, on one day in 1979, GAO officials testified at six different hearings. We believe that these developments clearly point to the reliance which the Committees of Congress place upon GAO for objective information and independent recommendations. Furthermore, involvement in hearings represents a particularly immediate

form of assistance to the Congress, and for this reason we have endeavored to be especially responsive to the needs of the Committees.

Potential Increases Resulting From Pending Legislation

GAO budget requests include provision only for workload increases that have already occurred. They do not provide for the workload requirements of pending legislation no matter how likely its passage might seem. What this means is that during any budget year we may have to absorb the workload impacts of legislation enacted since the time that we made our last budget request. For example, since January 1979, when we submitted our budget request for FY 1980, new legislation and requirements of committee reports for audit and evaluation work have increased our FY 1980 workload by 86 staff years. We will absorb that increase.

We will continue to absorb increases wherever possible. However, the situation that could develop between now and the end of FY 1981 may require special action because legislation now pending could require that we absorb an additional 261 staff-years of effort. This, we believe, would be beyond what we could realistically absorb.

The "Sunset" proposals presently being considered would impact so heavily on GAO resources that we would be required to request a supplemental appropriation. If enacted in

anything like their present form, they could involve additional costs to GAO approximating \$30 million. On a lesser scale but nevertheless involving a considerable effort is the lobby registration proposal which we estimate would cost about \$1 million to operate in the first full year.

AUTHORIZATION AND APPROPRIATION COMMITTEE USE OF GAO WORK

GAO frequently works closely with authorization and appropriations committees, providing them with the results of GAO work as they consider actions with respect to programs and resource levels.

For the past several years we have worked very closely with the House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government. Extensive questions prepared by GAO staff are used by the Subcommittees when questioning administration witnesses about their proposed budgets.

Another case in point is our work with the House Committee on Appropriations. The report on the Department of Defense Appropriations Bill for FY 1980 refers 85 times to GAO work. Where appropriate to prevent waste, it translates GAO findings and recommendations into reductions to agency appropriations. That report frequently highlights the need for DOD action on our recommendations for strengthening the management of DOD

programs. We expect to make greater contributions and provide even more assistance to the Congress in defense areas since we plan to upgrade and intensify our defense-related efforts.

This kind of committee action takes good advantage of GAO work. It also clearly demonstrates to Federal agencies their need to correct deficiencies in their operations promptly and fully.

RELATIONSHIPS WITH CBO, CRS, AND OTA

Since the Congressional Budget Office and the Office of Technology Assessment were established and the role of the Congressional Research Service was expanded, we have worked closely with them to assure that we understand each others roles and the way they are being approached. We work together to help committees and Members understand the job of each and to know which agency to go to for the various kinds of help that they might need from time to time.

We are distributing a paper titled "Coordination and Cooperation among GAO/CRS/CBO/OTA" which briefly describes some of the approaches followed in promoting cooperation with the other agencies. The point that needs to be made is that, while the agencies are all legislative branch agencies, each has its own job which is quite different from those of the others.

CONCLUSION

In my judgment there have been few times when the need to assure the economy, efficiency, and the effectiveness of Federal programs has been as great as it is today. Inflationary pressures are heightening the need for increased productivity and for government programs to be made more effective. This present climate of looking for ways to make government work better has, I believe, contributed to GAO's greatly intensified workload--to the increases in the number of committee and Member requests for audits and evaluations that we receive and to the requirements in legislation for GAO work. It also underscores the need for an adequate level of coverage of Federal programs under GAO's continuing oversight responsibilities.

Resources provided to GAO are returned many times over in tangible savings and in significant improvements to virtually all Federal agencies and programs. I hope you agree with me that providing GAO with the resources that it needs to do its job is an investment in better government that is well worth making.

ADDENDUM TO GAO'S
FY 1981 JUSTIFICATION OF ESTIMATES
ADDITIONAL RESOURCES REQUIRED TO DEVELOP A FEDERAL
PROGRAMS INVENTORY

NEED TO DEVELOP A FEDERAL
PROGRAMS INVENTORY

As part of GAO's then new responsibilities under Title VIII of the Congressional Budget Act of 1974, to identify congressional information needs and to assist committees in obtaining information, we began collecting basic program and budgetary data on most Federal programs and activities. We have been furnishing this data annually to several authorizing committees in both the Senate and House of Representatives to assist them in developing their "views and estimates" on the Federal budget, as required by section 301(c) of the Budget Act.

Out of these efforts, we are developing an automated data base which includes information on all Federal agencies. Basic organizational, legislative authorization and financial data for programs and activities is included below the budget account level.

At our current resource level, the expansion of our basic inventory into a comprehensive inventory that would provide specific program and budgetary information to meet a wide range of user needs for oversight and decisionmaking, will take 3 to 5 years to complete.

On January 3, 1980 we received a letter from the Chairman of the Senate Committee on Appropriations asking GAO to develop a Federal Programs Inventory as an important tool for improving congressional policy, budget and oversight work. He pointed out that it would be highly useful for the inventory to be available by February, 1981 rather than the 1982-1984 time frame that would be possible within GAO's present volume levels. The

chairman asked us to develop a budget and staffing plan so that it could be considered as an "add on" either to FY 1980 appropriations already available to GAO, or to the FY 1981 budget request.

REQUIREMENTS TO DEVELOP THE FEDERAL PROGRAMS
INVENTORY IN THE ACCELERATED TIME FRAME

To complete development of the Federal Programs Inventory in the time frame requested by the Chairman, Senate Committee on Appropriations will require \$117,100 in additional resources in FY 1980 and \$538,000 in FY 1981. These additional costs, by object class, are as follows:

<u>Object Class</u>	<u>FY 1980</u>	<u>FY 1981</u>
Salaries and Benefits	\$100,400	\$280,700
Travel	200	500
Rent, Communications and Utilities	7,600	14,700
Printing and Reproduction	1,300	1,300
Other Services	-	236,800
Supplies and Materials	2,000	2,000
Equipment	5,600	2,000
TOTAL	<u>\$117,100</u>	<u>\$538,000</u>

The costs for fiscal year 1980 are based on five months of development. Resources required in that fiscal year are being reprogrammed from other functions to avoid requesting supplemental funds. Reprogramming of fiscal year 1981 resources would seriously affect our ability to meet our other responsibilities. Therefore, fiscal year 1981 resources (\$538,000) are required in addition to those included in our original budget request.

The salaries and benefits will be for nine professionals and two clerical staff members as follows:

<u>Personnel Category</u>	<u>Staff Years</u>
Program Analysts	5
System/Computer Analysts	2
Clerical Support	2
Expert/Consultant	2
TOTAL	<u>11</u>

The requested increase in staff will supplement existing staff resources applied to the inventory development efforts. The additional five program analysts will assist in (1) performing the requisite programmatic research and coordination and reconciliation between congressional staff members and executive agency officials, and (2) developing, refining and finalizing program structure and collecting relevant budgetary data by the subject program structures. The system/computer analysts will assist in the development and maintenance of a comprehensive and responsive automated data processing system.

Additionally, we will need approximately two staff years of expert/consultant support. They will be used in the highly technical and complex areas of automated file structure design, alternative system configuration and selection of most appropriate data base management package, and system development and implementation. The use of experts and consultants is particularly helpful when, as here, specialized talents are needed in a timely, but not constant, fashion.

SCOPE OF THE FEDERAL PROGRAMS INVENTORY

The basic idea underlying a Federal Programs Inventory is the identification of all government programs, including tax expenditure and regulatory activities. Our present belief is that there are 2,000 to 3,000 of these individual entities. We envision for each of these programs that certain basic information would be gathered and maintained in an automated data base. The basic data (for each program, tax expenditure or regulatory activity) should include the following:

- Organizational data, identifying the department or agency, bureau, office, etc., responsible for carrying out the program;
- Legislative data, recording the Public Law and/or U.S. Code citations

authorizing the program and governing its operations, and expiration dates, if applicable;

- Budget data, providing a record of authorizations, budget authority and outlays for the program;
- Brief narrative description of the program and its operations;
- Statements of program goals and objectives derived from statutes, committee reports and/or agency statements;
- Indicators of program performance, primarily in the form of simple output measures (units produced, checks issued, clients served, etc.);
- Coding schemes to permit quick aggregation of programs with similar characteristics which analysts and decisionmakers are most likely to want to review (or be aware of) simultaneously, or to add up for one reason or another. Some of these coding schemes are predictable; others will emerge over time. Some of the apparent ones which may well be included are:

- House and Senate committee jurisdiction;
- Budget function and subfunction;
- Nature of program (grants, loans, R&D, procurement, construction, regulation, direct service operations, etc.);
- Form of financing (agency funded with appropriations, self-financing business-type activity, etc.);
- Target groups (particular industry, particular resource, veterans, minorities, low-income, elderly, children, etc.);
- Policy areas to which the program is relevant (food, health, education, civil rights, consumer affairs, urban problems, energy, national security, etc.).

In effect, the multiple coding approach (made possible through the use of automated data processing techniques) allows us to identify an almost unlimited number of subjects (policy areas) with which a particular program should be associated, and to rapidly compile basic information about all the programs associated with any particular issues or policy areas.